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AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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March 2, 2000

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: Alan Sasaki
Auditor-Controller

Subject: **NON-COMPLIANCE WITH GROUP HOME CONTRACT –
D&F SERVICES OF LOS ANGELES COUNTY**

This is to notify you that we are unable to conduct a fiscal audit of D&F Services of Los Angeles County (D&F Services) Group Home for the period January 1, 1999 through December 31, 1999. D&F Services has not maintained accounting records or supporting documentation as required by the Group Home Foster Care Contract, the Federal Office of Management and Budget Circular A-122 (Circular), the California Department of Social Services Manual of Policies and Procedures (CDSS MPP) and Title 22.

D&F Services is located in the Fifth Supervisorial District and is licensed to operate four group homes with a combined resident capacity of 24 children. Under the provisions of the contract, the Department of Children and Family Services (DCFS) pays D&F Services a monthly rate of \$3,245 per child, based on a rate classification level determined by the California Department of Social Services. For the period January 1, 1999 through December 31, 1999, D&F Services received \$577,309 in foster care funds from DCFS.

On February 17, 2000, we conducted an entrance conference with the Executive Director of D&F Services to determine whether the Agency's records were in order and auditable. Our review disclosed serious record keeping and contract compliance problems at D&F Services. Specifically, the Agency has not maintained any accounting records for the period January 1, 1999 through December 31, 1999. In addition, D&F Services does not have any documentation supporting the receipt and disbursement of group home funds including vendor invoices, receipts, payroll and personnel files, daily attendance records for group home residents, and a comprehensive check register.

As a result of these deficiencies, we are questioning \$577,309, the total foster care funds received by the Agency for the period of our review. D&F Services management

did not account for the receipt and disbursement of group home foster care funds, and does not appear capable of administering the group home program in compliance with federal, State and County fiscal requirements. Lack of fiscal controls over foster care funds may adversely impact the quality of care and services provided to residents of the group home.

The Agency's failure to maintain any financial records is in violation of Contract Section 19, "Contract Accounting and Financial Reporting," and constitutes a material breach of Group Home Foster Care Contract Section 25, "Failure to Perform." We are referring this matter to DCFS for further action.

Please contact me if you have any questions, or have your staff call Marion Romeis at (213) 974-0353.

AS:MR:RD:rc

c: David E. Janssen, Chief Administrative Officer
Public Information Office
Audit Committee
Department of Children and Family Services
Anita Bock, Director
Beverly Muench, Senior Deputy Director
Amaryllis Watkins, Acting Deputy Director, Bureau of Resources
Genevra Gilden, Chief, Quality Assurance Division
Hattie Lee Clinton, Executive Director, D&F Services
Commission for Children and Families
Community Care Licensing, State Department of Social Services